

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED

SEP 17 4 55 PM '97

POSTAL RATE AND FEE CHANGES, 1997

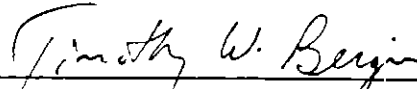
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Docket No. R97-1

**THE MCGRAW-HILL COMPANIES' INITIAL
INTERROGATORIES AND OTHER DISCOVERY REQUESTS
DIRECTED TO USPS WITNESS NIETO (MH/USPS-T2-1-9)**

Pursuant to the Commission's rules of practice, sections 25-27, The McGraw-Hill Companies, Inc. submits the following interrogatories and other discovery requests to United States Postal Service witness Norma B. Nieto.

Respectfully submitted,

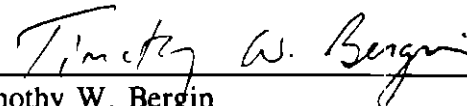


Timothy W. Bergin
Squire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue, N.W.
P.O. Box 407
Washington, D.C. 20044-0407
(202) 626-6600

Counsel for The McGraw-Hill
Companies, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document in accordance with Section 12 of the rules of practice.



Timothy W. Bergin

September 17, 1997

MH/USPS-T2-1. Please confirm that the domestic purchased highway transportation costs attributed to Periodicals (second-class) Regular mail increased from approximately \$123.2 million in FY 1995 (CRA) to approximately \$158.8 million in FY 1996 (CRA, T-24), and is projected to increase to approximately \$180 million in TYAR 1998 (T-24), despite much smaller percentage increases in the volume of Periodicals (second-class) Regular mail over that period. To the extent you do not confirm, please provide the cost and/or volume figures and sources upon which you rely. In either event, please explain fully the factors causing the increase in domestic purchased highway transportation costs attributed to Periodicals (second-class) mail over this period.

MH/USPS-T2-2. Please confirm that the domestic purchased air transportation costs attributed to Periodicals (second-class) Regular mail increased from approximately \$10.7 million in FY 1994 (CRA) to approximately \$16.6 million in FY 1995 (CRA), decreased to approximately \$13.5 million in BY 1996 (CRA, T-24), and is projected to increase to approximately \$15.7 million in TYAR 1998 (T-24). To the extent you do not confirm, please provide the cost figures and sources upon which you rely. In either event, please explain fully the factors causing the fluctuations in domestic purchased air transportation costs attributed to Periodicals (second-class) Regular mail over this period (including the reasons why Periodicals mail is flown at all).

MH/USPS-T2-3. For BY 1996 and TYAR 1998, please state your best estimate of the percentage of utilization of overall capacity in the Postal Service's domestic purchased highway transportation system, and explain fully how you arrived at that estimate (including cross-references to sources), and whether your estimate is based on floor space, cubic space, or some other measure.

MH/USPS-T2-4. Please explain fully (with cross-references to sources) how (a) the cost of hauling empty equipment is distributed among subclasses, and (b) how unused space in loads containing more than one subclass of mail is distributed among those (or other) subclasses.

MH/USPS-T2-5. With reference to your testimony on p. 2:

(a) Please explain fully the parameters that determine the amount to be paid under purchased highway contracts (e.g., per mile, per trip, per year, etc.).

(b) Please state whether route information for all destinations on all trips under all highway contracts is available in NASS, and whether route costs for all highway contracts are listed in the accounting files. If not, why not?

(c) Please explain fully how random selection of mail on randomly selected contract route destination-days is likely to provide an accurate forecast of costs. How are seasonal fluctuations accounted for?

MH/USPS-T2-6. With reference to your testimony on p. 3:

- (a) Please explain fully the parameters that determine the amount to be paid for freight rail transportation.
- (b) Please state whether information for all rail movements of mail are included in RMIS. If not, why not?
- (c) Please explain fully how random selection of mail from randomly selected rail vans on randomly selected movement-destination days is likely to produce an accurate forecast of costs. How are seasonal fluctuations accounted for?

MH/USPS-T2-7. With reference to your testimony on p. 4:

- (a) Please explain fully the parameters that determine the amount to be paid under domestic air transportation contracts.
- (b) Please explain fully how random selection of mail on randomly selected flight days is likely to produce an accurate forecast of costs.

MH/USPS-T2-8. With reference to your testimony on p. 7:

- (a) Please explain fully the parameters that determine the amount to be paid for passenger rail service.
- (b) Please explain fully how random selection of mail on randomly selected train-segment days is likely to produce an accurate forecast of costs.

MH/USPS-T2-9. With reference to your testimony on p. 6, lines 3-6:

"Previously, the Eagle and Western Network distribution keys were calculated on a cubic-foot mile basis. Consistent with the incremental cost methodology proposed in this docket, the Eagle and Western Network distribution keys are now calculated on a pound-mile basis".

- (a) Please confirm that the distribution keys for purchased highway transportation, freight rail transportation, and commercial air transportation are based on cubic-foot-miles. To the extent you do not confirm, please explain fully. To the extent you confirm, please explain why the distribution keys are not calculated on a pound-mile basis, and how this affects the accuracy of the cost distributions.
- (b) Please explain the extent to which, and the reasons why, the distribution key for passenger rail service is based on square-foot miles (as indicated in your testimony at p. 7 line 12) rather than cubic-foot miles or pound-miles. Please explain how this affects the accuracy of the cost distributions.